



MASSACHUSETTS
WATER POLLUTION
ABATEMENT TRUST

Timothy P. Cahill, Chair

REQUEST FOR QUALIFICATIONS

***INVESTMENT BANKING
AND
UNDERWRITING SERVICES***

AUGUST 13, 2008

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Massachusetts Water Pollution Abatement Trust

Investment Banking and Underwriting Services

I. INTRODUCTION

The Massachusetts Water Pollution Abatement Trust (the “Trust” or “MWPAT”) requests Qualifications from firms interested in providing investment banking and underwriting services related to the negotiated sale of notes and bonds of the Trust.

The Trust may choose to utilize a mix of negotiated and competitive debt issuance to meet its financing needs. The purpose of this request is to allow the Trust to select a group of firms qualified to provide investment banking and underwriting services for those debt issuances, if any, done on a negotiated basis in the event and to the extent that the Trust determines that the negotiated issuance of debt is in its best interests. Because such a determination will be made on a case-by-case basis, the Trust cannot state with certainty how frequently firms chosen pursuant to this request will be asked to provide such services. The Trust is requesting responses from firms interested in providing services in two specific categories: (1) book-running senior manager, and (2) co-manager.

II. OVERVIEW OF THE TRUST AND ITS PROGRAMS

The Trust was created in 1989 by Chapter 275 of the Acts of 1989, constituting, in part, Chapter 29C of the General Laws of the Commonwealth (collectively, with Chapter 203 of the Acts of 1992, as amended, the “Act”). Pursuant to the Act, the State Treasurer and Receiver-General serves as custodian and chair of the Board of Trustees of the Trust.

The Trust is a public instrumentality of the Commonwealth responsible for administering the Water Pollution Abatement Revolving Fund (the “Clean Water Revolving Fund”) and the Drinking Water Revolving Fund (the “Drinking Water Revolving Fund”) established under the Act to provide funding for water pollution abatement projects and drinking water projects, respectively. Each of the Clean Water Revolving Fund and the Drinking Water Revolving Fund receives annual federal capitalization grants providing approximately 80% of the capitalization of the fund and required state matching funds providing approximately 20% of the capitalization of the fund.

Bonds are issued pursuant to the Act and under and pursuant to a resolution entitled “Amended and Restated Resolution Authorizing and Establishing a Water Pollution Abatement and Drinking Water Project Financing Program” adopted by the Trust on March 4, 1993 (as amended, the “Program Resolution”). Under the Program Resolution, the Trust can issue bonds (“Program Bonds”) to fund costs of water pollution abatement projects, including loans (“Title 5 Loans”) to fund community septic management programs, and drinking water projects. Each series of Program Bonds is issued under a separate bond resolution and is secured by assets, funds and accounts held under the bond resolution as security for that series of Program Bonds, as well as assets, funds and accounts held under the Program Resolution as security for all Program Bonds. The Trust can also finance such projects by making loans (“Direct Loans”) that are funded directly with federal capitalization grants and commonwealth matching grants. The Program Resolution also provides for a loan program to

provide temporary loans (“Interim Loans”) to borrowers to finance project costs in anticipation of the issuance of Program Bonds. Financial assistance provided by the Trust under its Clean Water Program consists of funding of approved projects with terms of up to thirty years from project completion, but in no event longer than the expected useful life of the project financed or refinanced. Financial assistance provided by the Trust under its Drinking Water Program consists of the funding of approved projects with terms of up to twenty years from project completion.

For a more detailed description of the Trust’s programs and other information relative to the Trust, see the final Official Statement for the Trust’s Pool Program Bonds, Series 13. For a more detailed description of the financial position and structure of the Trust, see the *2007 Comprehensive Annual Financial Report (CAFR)*. These documents, as well as the Program Resolution are available in electronic format on the MWPAT website at www.mass.gov/MWPAT.

I. SCOPE OF SERVICES

1. Senior Manager will be expected to provide comprehensive “book-running” services related to the structuring, marketing, selling, and underwriting of Trust debt. This shall include, but may not be limited to the following:
 - (a.) Provide surveillance of Trust debt and identify opportunities in the market for the Trust,
 - (b.) Development of financing structures,
 - (c.) Development of marketing and pricing strategy,
 - (d.) Management of syndicate, including co- managers and selling group,
 - (e.) Provision of relevant market and economic data, pricing views, comparable prices, and pricing proposals prior to pricing,
 - (f.) Assist Trust in obtaining ratings,
 - (g.) Following Trust policies, either oral or written, for liability, designation and retention, pricing procedures and the process of selling debt obligations,
 - (h.) Underwriting of bonds,
 - (i.) Post-pricing support, including:
 - (1) Fulfillment of orders and allotments, upon approval of Trust,
 - (2) Market support for underwritten bonds,
 - (3) Provision of all relevant pricing information to Trust, including orders (retail, member, priority), debt service schedule, rates, yields, true interest cost, information related to comparable transactions,
2. Co-managers will be expected to provide services related to marketing, selling, and underwriting of Trust debt, including, but not limited to:
 - (a.) Participating with the book-running senior manager in the development of marketing and pricing plans,
 - (b.) Marketing the Trust’s bonds,
 - (c.) Underwriting bonds, if necessary,

- (d.) Providing post-pricing market support for underwritten bonds,
- (e.) Following Trust policies, either oral or written, for liability, designation and retention, pricing procedures and the process of selling debt obligations,

III. REQUIREMENTS OF THE RFQ

1. Electronic Communication/Notification The Trust will use electronic means as its primary form of communication during this RFQ process. All materials related to this RFQ will be posted on the Trust website at www.mass.gov/MWPAT . Interested firms are strongly encouraged to subscribe to the RSS at this website to receive updated information.
2. No Communication. Any individuals and/or firms that intend to submit a response are prohibited from contacting any employee of the State Treasury, Trust, or any member of the Selection Committee described below regarding this RFQ, other than the Contact Person identified below. All communication with the Contact Person is to be in writing or by email. Failure to observe this rule will result in disqualification. Furthermore, no person other than the Contact Person is authorized to provide any information or respond to any question or inquiry concerning this RFQ.
3. Reasonable Accommodation. Respondents with disabilities or hardships that seek reasonable accommodation, which may include the receipt of the RFQ information in an alternative format, must communicate such requests in writing to the Contact Person. Requests for accommodation will be addressed on a case-by-case basis. A respondent requesting accommodation must submit a written statement, which describes the respondent's disability and the requested accommodation to the Contact Person for the RFQ. The Selection Committee described below reserves the right to reject unreasonable requests.
4. Public Records. All responses and information submitted in response to this RFQ are subject to the Massachusetts Public Records Law, Massachusetts General Laws (M.G.L.), Chapter 66, Section 10 and Chapter 4, Section 7, Clause Twenty-Sixth.
5. Estimated Provisions. The Trust makes no guarantee that it will choose any of the firms responding to this RFQ to provide underwriting services. The Trust reserves the right in its sole discretion to reject any and all responses, to waive any minor irregularities or information in a response and to choose one or more of the firms responding. All responses submitted will be considered to be property of the Trust.
6. Conflict of Interest. The Trust will not select any person or firm that has a relationship with another entity that does or could result in a conflict of interest for such person or firm in carrying out the provision of underwriting services to the Trust unless the Trust determines that the activities of the person or firm for such other entity will not be adverse to the interests of the Trust. No official or employee of the State Treasury, the Trust, or the Selection Committee who exercises any function or responsibility in the review or approval of the undertaking or carrying out of this engagement shall, prior to the completion of the engagement, voluntarily acquire any personal interest, either directly or indirectly, in this contract or proposed contract.

7. Costs. The Trust will not be responsible for any costs or expenses incurred by respondents responding to this RFQ, including the cost of preparing the initial response, providing any additional information and traveling for an oral presentation.
8. Liability. Neither the members of the Trust nor any individual member, nor any officer, agent, or employee of the Trust or the State Treasury shall be charged personally by the respondent or any third party with any liability or held liable to it under any term or provision of this RFQ or any statements made herein.
9. Ongoing Disclosure. Firms selected pursuant to this RFQ are obligated to provide ongoing disclosure to the Trust of information requested in *VII. Section 3*, herein.

IV. SCHEDULE

1. Response Deadline. Responses to this RFQ are due by 4:30pm (Eastern) on **August 29, 2008**. Responses are to be submitted by email as described below. Your submission will be acknowledged by email.
2. Oral Interviews. If the Trust chooses to conduct oral interviews, they will be scheduled during the week of **September 8, 2008**.
3. Results. The Trust intends to notify firms of the results of the RFQ process by **September 19, 2008**.

V. SELECTION COMMITTEE/CONTACT PERSON

1. Selection Committee. The selection committee will be composed of members of the Executive Committee of the Trust and the Trust Treasurer, and may also include members of the Board of Trustees or their designees. The Trust's Financial Advisors may also serve as advisors to the selection committee.
2. Contact Person. The Contact Person for this RFQ is:

Ms. Patricia Deal, MWPAT Treasurer
One Ashburton Place, 12th Floor
Boston, MA 02108
pdeal@tre.state.ma.us

VI. EVALUATION CRITERIA. All proposals for the provision of underwriting services in response to this RFQ will be evaluated for the purpose of selecting the proposal that best meets the needs of the Trust. The following areas will be considered:

1. Demonstrated Experience. Proposals should demonstrate significant experience as underwriter to complex, multiple participant revolving loan financings, in particular, state revolving loan programs similar in nature to the Trust's programs. Proposals should also demonstrate the firm's commitment to providing a high level of responsive client service, including positive references for such experience.

2. Understanding of and Ability to Perform Scope of Services. Highly ranked proposals will demonstrate an understanding of the structure of the Trust's programs, including the ongoing work required by the scope of services and any additional services necessary for the success of the Trust's programs.
3. Personnel. The proposal should demonstrate assignment of sufficient, qualified, and experienced professional personnel, with preference given to personnel experienced in providing services such as those contemplated by this RFQ for state revolving fund programs similar to the Trust programs.
4. Financing Strategies. Consideration will be given to firms that provide thoughtful and creative financing strategies for the Trust's consideration in response to the information requested below.
5. Underwriting Ability. Demonstrated ability of firm to underwrite, including the commitment of capital toward the underwriting of bond issuances of the size and frequency the Trust has historically undertaken.

VII. FORM OF RESPONSE

1. Electronic Format. Responses are to be submitted in PDF format by email to: pdeal@tre.state.ma.us and copied to sjordan@tre.state.ma.us by the Response Deadline. Submissions will be acknowledged by email.
2. Original/Signed Document. An original response, signed by a person authorized to commit the firm to the terms of the response must be received by the Trust within 5 business days following the Response Deadline. Responses are to be sent to the Contact Person identified herein.

VIII. CONTENT OF PROPOSALS

To be considered, the proposals must respond to the questions and requests listed below. Failure to respond to the questions or provide information as requested may be deemed unresponsive. Proposals should not exceed twenty (20) pages, excluding required attachments and signed cover letter.

For all analyses, please assume that the Trust will issue a new money transaction in fall/winter 2008-2009 with the following characteristics:

- AAA market rates as of August 13, 2008,
- Composition of loan portfolio:
 - clean water loans, 20 year term: \$100 million,
 - clean water loans, 30 year term: \$150 million,
 - drinking water loans, 20 year term: \$100 million,
- Debt Service Reserve Fund sized at 40% of par, amortizing with bonds.

Section 1. Background Information
(Required for all respondents)

1. Cover Letter. Cover letter shall be signed by a person authorized to commit the firm to the terms of the response and to be held primarily responsible for the veracity of statements made in the response.
2. Description of Firm. Provide a brief description of your firm, its capabilities and organizational structure. Please describe how your firm's selection would benefit the Trust. In particular, please describe your firm's:
 - (a) public finance department (if applicable), its position and level of importance in the firm, and your firm's commitment to this area;
 - (b) municipal sales and distribution capabilities, including the number of offices and registered representatives nationally, in New England, and in Massachusetts; and
 - (c) any material changes occurring within the past twelve months regarding ownership and management,
3. Personnel. Please provide brief resumes of the individuals in your firm who would be assigned to provide relevant services to the Trust. (Resumes will count as attachments, excluded from 20 page limit.) If you are selected to give an oral presentation, only those individuals listed may participate. Please be specific for the following duties (if applicable), providing telephone and fax numbers, mailing address and e-mail address for each individual:
 - (a) primary contact/day-to-day responsibilities,
 - (b) financial analysis,
 - (c) new products,
 - (d) marketing and sales,
 - (e) underwriting, and
 - (f) executive management, responsible for capital allocation.
4. Capital/Liquidity. Attach your firm's most recent quarterly financial statements. Please discuss your firm's capital structure including its total capital, equity capital, and excess net capital for each of the last three (3) years, and as of July 31, 2008, in accordance with SEC Rule 15c3-1. Please:
 - (a) indicate how much of your firm's uncommitted excess net capital is allocated to the municipal finance area of your firm;
 - i. how much of this is held as cash, treasuries, other liquid securities?
 - (b) indicate the amount which your firm, based upon your answer to part (a), could put at risk for participation in a single Trust bond transaction (1) as a legal matter, and (2) realistically in accordance with firm policy and practice;
 - (c) provide examples of situations in which your firm has used its capital to support the effective and orderly sale, and market distribution of issuers' tax-exempt bonds, with particular attention to examples from within the past six months.

5. Experience in Massachusetts. Please summarize your firm's negotiated underwriting experience with issuers in the Commonwealth of Massachusetts from January 2005 to date. For each issue please list your firm's role (Senior Manager, Co-Senior Manager, or Co-Manager), the issuer, the overall size of the issue, the related pricing date, the orders placed by your firm and the amount of bonds allotted to your firm
6. Experience with SRFs/Pooled Financings. Please summarize your firm's negotiated underwriting experience with state revolving fund ("SRF") transactions or other similar leveraged pooled transactions from 2005 to date. For each issue please list your firm's role (Senior Manager, Co-Senior Manager, or Co-Manager), the issuer, the overall size of the issue, the related pricing date, the orders placed by your firm and the amount of bonds allotted to your firm.
7. Technical and Innovative Capabilities. Please describe (no more than 5) transactions that your firm has senior managed for SRF programs or similar leveraged pooled transactions, demonstrating the technical and innovative capabilities of your firm. Describe how your firm assisted the issuer(s) in optimizing the benefits of the transaction. For each transaction listed please provide the issuers name, issue date, amount involved, issuer contact and telephone number.

Section 2. MWPAT Financial Strategy

(Required for respondents seeking to be senior managers, optional for co-managers)

8. Minimize Trust Borrowing Costs. Please indicate what changes (if any) the Trust should consider to help minimize the cost of borrowing, either in the short or long run. Recommend whether the Trust should consider changes to the typical structure or terms of its bond issues, the use of other products, refunding strategies, etc. Discuss risks associated with your recommendations, and how the Trust can manage such risks.
9. Programmatic/Structuring Changes. Describe any significant innovations your firm has made in the area of SRF bond issues or other pooled or structured finance bond issues. What changes, if any, would you recommend in the Trust's existing program and bond structure?
10. Debt Service Reserve Fund Investments. To pay debt service, the Trust relies on earnings from debt service reserve funds sized at 40% of bond par. In the past, these have been invested in guaranteed investment contracts with AA or AAA rated providers. Comment on the current environment, the likelihood that the Trust will be able to earn the arbitrage yield on its debt service reserve fund investments, and strategies to mitigate negative arbitrage.
11. Recommended Transaction. Given the assumptions above, recommend a structure for the next new money issuance by the Trust. Proposal should seek to minimize the overall cost to the Commonwealth while minimizing risk to the Trust and preserving long-term program capacity. Discuss timing of the Recommended Transaction.
12. Compensation. Please propose, on a per bond basis, a level of compensation for the Recommended Transaction. Indicate management fee, if any, underwriting fee, if any, estimated underwriting expenses and takedown per maturity.

Section 3. Disclosures/Certifications
(Required for all respondents)

13. Employment of Minorities and Women. The Trust is an Equal Opportunity Employer. Please discuss your firm's commitment to minority and female employment opportunities and the success of those efforts, including at the management and executive levels. Please attach a copy of your firm's EEO policy.
14. Minority/Women-Owned Business Enterprises. The Trust is committed to developing and strengthening Minority, Women-Owned, and/or Disadvantaged Business Enterprises (M/WBEs and DBEs)¹ and expanding equal opportunity in the primary industries affected by this RFQ. As a result, respondents that clearly demonstrate how their proposal will further these goals will receive favorable consideration.

To be considered an M/WBE, a firm must submit a copy of their State Office of Minority and Women's Business Assistance (SOMWBA) certification letter for the current period. Respondents should be aware that the Trust does not collect, record, maintain or store any information related to the Commonwealth's Affirmative Market program or SOMWBA certifications.

15. Investigations/Pending Litigation. Please provide details of any judgment, criminal conviction, investigations, litigation or administrative proceedings (including those before the SEC or MSRB) pending against your firm or any of its officers, directors, employees, agents, or subcontractors, if any, of which the firm has knowledge.
16. Conflicts of Interest. Please describe any relationships that your firm has which could pose a conflict of interest in connection with your firm's provision of underwriting services to the Trust. List any Massachusetts local governmental units or authorities for which you currently serve as financial advisor or senior managing underwriter. List any business relationships with consultants, financial advisors, and others located in Massachusetts or that may otherwise concern the Trust.
17. Legal Certifications: Each respondent must provide the following certifications with its proposal:
- a. Solvency. Certification that the respondent is not now, and has not been in bankruptcy and/or receivership within the last three calendar years.
 - b. Good Standing. If incorporated, identification of the respondent's state of incorporation and a statement that it is in good standing in that state, and, if the state of incorporation is not Massachusetts, a statement that the respondent has complied with all filing requirements, if any, of the Massachusetts Secretary of State.

¹ M/WBEs and DBEs are defined as businesses that have been certified as such by the Commonwealth's Office of Minority and Women Business Assistance (SOMBWA). Firms seeking certification may contact SOMBWA at (617) 727-8692 or visit their website at www.mass.gov

- c. Licenses and Registrations. A statement that the respondent meets all applicable state and federal requirements, and has all the licenses and registrations necessary to perform the services contemplated by this RFQ.
- d. Certificate of Tax Compliance. A certification of the respondent, signed under penalties of perjury, stating that the respondent has complied with all laws of the Commonwealth relating to taxes, reporting of employees and contractors, and withholding and remitting child support. The respondent should also provide its tax identification number, which the Trust will forward to the Department of Revenue to confirm that the respondent is in compliance with all such laws.
- e. Northern Ireland Notice and Certification. All respondents must complete the Northern Ireland Notice and Certification form to satisfy M.G.L. c. 7 section 22C. (See Exhibit A for the form of this certification, which also further describes the requirements of M.G. L. c. 7 section 22C).

EXHIBIT A

MASSACHUSETTS WATER POLLUTION ABATEMENT TRUST

STATEMENT OF DOING BUSINESS IN OR WITH NORTHERN IRELAND

This procurement may be subject to M.G.L. c. 7 §§ 22C-F which provides that a state authority may not procure goods or services from any person employing ten or more employees in an office or other facility located in Northern Ireland, who fails to certify that: (a) he does not discriminate in employment, compensation, or terms, conditions and privileges of employment on account of religious or political belief; and (b) he promotes religious tolerance within the work place, and the eradication of any manifestations of religious and other illegal discrimination; and (c) the certifying person is not engaged in the manufacture, distribution or sale of firearms, munitions, including rubber or plastic bullets, tear gas, armored vehicles or military aircraft for use or deployment in any activity in Northern Ireland. The provisions herein shall not apply if (x) the procurement is essential, as determined by the Trust, and compliance would eliminate the only proposal, or would result in inadequate competition; or (y) there is no comparable proposal or offer (i.e., within 10%) by a certifying proposer; or (z) the proposer does not employ ten or more employees in an office or other facility located in Northern Ireland.

The undersigned, being an authorized representative of the proposer, hereby states and certifies that:

(Check one)

1.) _____ The proposer does not employ ten or more employees in an office or other facility located in Northern Ireland.

2.) _____ The proposer does employ ten or more employees in an office or other facility located in Northern Ireland and certifies that:

- A) the proposer does not discriminate in employment, compensation, or the terms, conditions and privileges of employment on account of religious or political belief, and
- B) the proposer promotes religious tolerance within the work place and the eradication of any manifestations of religious and other illegal discrimination, and
- C) the proposer confirms that it is not engaged in the manufacture, distribution or sale of firearms, munitions, including rubber or plastic bullets, tear gas, armored vehicles or military aircraft for use or deployment in any activity in Northern Ireland.

3.) _____ The proposer does employ ten or more employees in an office or other facility located in Northern Ireland but cannot certify to 2 A-C above.

Signed under pains and penalties of perjury this _____ day of _____, 200__.

By: _____

(Print Name)

(Name of Firm)